



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
John J. Specia, Jr.

March 7, 2013

Mr. Jonathan Hurst, Director
Governor's Office of Budget, Planning and Policy
1100 San Jacinto, 4th Floor
Austin, TX 78701

Ms. Ursula Parks, Director
Legislative Budget Board
1501 North Congress Avenue, 5th Floor
Austin, TX 78701

Dear Mr. Hurst and Ms. Parks:

Enclosed is the agency's FY 2013 Monthly Financial Report as of January 2013. The following is a narrative summary of budget adjustments during the month, budget variances, significant changes from appropriated funding, capital budget issues, and other key budget issues at this time.

BUDGET ADJUSTMENTS

The following adjustments were made to the appropriated budget in the month of January. In total, the operating budget was decreased by \$459,678.

- The following adjustments were made to align funding with projected agency needs in accordance with Art IX, Sec 14.01, Appropriation Transfers (2012-13 GAA):
 - A transfer of \$2,216,480 General Revenue from Strategy B.1.10 Other CPS Purchased Services to the following strategies to covered projected shortfalls:
 - ⇒ B.1.6 Adoption Purchased Services (\$1,416,480 General Revenue)
 - ⇒ B.1. 9 Substance Abuse Purchased Services (\$800,000 General Revenue)
- The following adjustments were made in accordance with Art. IX, Sec. 8.02, Federal Funds/Block Grants:
 - Strategy B.1.1 CPS Direct Delivery Staff was increased by \$922,440 to reflect the additional TANF ECF budget from HHSC to fund the newly created Master Investigator positions.
 - Strategy B.1.2 CPS Program Support was increased by \$192,696 as follows:

- ⇒ Refugee and Entrant Assistance State Administered Programs grant was decreased \$180,834 as a result of receiving less than the anticipated award and re-budgeting a projected surplus grant funds from SFY 2013 to SFY 2014.
 - ⇒ Title IV-E Chafee Education and Training Vouchers Program was increased \$8,000 as a result of re-budgeting surplus grant funds from SFY 2012 to SFY 2013.
 - ⇒ Child Abuse and Neglect State Grant Program was increased \$365,530 as a result of re-budgeting surplus grant funds from SFY 2012 to SFY 2013.
 - Strategy C.1.4 Child Abuse Prevention Grants, was increased \$4,152 as a result of re-budgeting surplus grant funds from SFY 2012 to SFY 2013.
 - Strategy D.1.1 APS Direct Delivery Staff was increased \$69,916 for a newly funded grant, Elder Abuse Prevention Interventions, from the Administration on Aging.
- The following adjustment was made in accordance with Art. IX, Sec. 8.03, Reimbursements and Payments:
- Strategy B.1.2 CPS Program Support was decreased \$3,905 to reflect the final amounts in the executed interagency contracts with other state agencies participating in the funding of the Blue Ribbon Task Force.
- Adjustments in anticipated federal entitlement funds were made in the following strategies for a net decrease of \$1,644,977 (Art. IX, Sec. 8.02, Federal Funds/Block Grants):
- Strategy A.1.1 Statewide Intake Services was decreased \$1,735
 - Strategy B.1.1 CPS Direct Delivery Staff was decreased \$2,957
 - Strategy B.1.2 CPS Program Support was decreased \$56,098
 - Strategy B.1.10 Other CPS Purchased Services was increased \$2,797
 - Strategy B.1.11 Foster Care Payments was decreased \$1,655,240
 - Strategy B.1.12 Adoption Subsidy Payments was increased \$162,241
 - Strategy D.1.1 APS Direct Delivery Staff was decreased \$20,608
 - Strategy D.1.2 APS Program Support was decreased \$721
 - Strategy D.1.3 MH and MR Investigations was decreased \$49,981
 - Strategy E.1.1 Child Care Regulation was decreased \$7,017
 - Strategy F.1.1 Central Administration was decreased \$9,305
 - Strategy F.1.2 Other Support Services was decreased \$1,345
 - Strategy F.1.3 Regional Administration was decreased \$170
 - Strategy F.1.4 IT Program Support was decreased \$4,838

BUDGET VARIANCES

This report reflects a net agency surplus of \$16.4 million that consists of a \$15.5 million surplus in General Revenue, a \$0.2 million surplus in TANF, a \$2.8 million surplus in other federal capped grants, a \$2.4 million shortfall in federal entitlements, and a \$0.3 million surplus in other funds.

A shortfall of \$9.3 million, consisting of \$6.9 million General Revenue and \$2.4 million federal entitlement, is projected for the CPS day care strategies based on the HHSC February 2013 forecasts and expenditure trends. A letter was sent to the LBB and Governor's Office on December 18, 2012 requesting approval to transfer surplus General Revenue in foster care to cover the shortfalls. The LBB has approved this request and approval by the Governor's Office is still pending.

- Strategy B.1.3 TWC Foster Day Care has a projected shortfall of \$4.1 million that consists of \$1.7 million General Revenue and \$2.4 million federal entitlement.
- Strategy B.1.4 TWC Relative Day Care has a projected shortfall of \$0.9 million General Revenue.
- Strategy B.1.5 TWC Protective Day Care has a projected shortfall of \$4.4 million General Revenue.

Strategy B.1.8 PAL Purchased Services has a projected surplus of \$1.4 million in Chafee Foster Care Independence Program funds. CPS is evaluating program needs and will develop a plan for utilizing these available funds. Chafee funds may only be used for PAL services and therefore cannot be transferred to other strategies where additional funds are needed.

Strategy B.1.10 Other CPS Purchased Services has a projected net surplus of \$8.5 million consisting of a \$0.3 million General Revenue shortfall, a \$6.7 million TANF surplus, and a \$2.1 million surplus in federal capped grants. Due to this projected surplus, the agency is considering reducing the budget in this strategy to help implement the federal sequestration spending cuts.

Strategy C.1.1 STAR Program has a projected surplus of \$1.1 million in Title XX. This federal funding source is impacted by the federal sequestration, so the agency is considering reducing the budget in this strategy to help implement the federal spending cuts.

A surplus of \$10.5 million in General Revenue is projected for the following strategies, based on the HHSC February 2013 caseload update and the appropriated budget:

- Strategy B.1.11 Foster Care Payments has a projected surplus of \$12.6 million General Revenue.
- Strategy B.1.12 Adoption Subsidy Payments has a projected surplus of \$0.3 million General Revenue.
- Strategy B.1.13 Relative Caregiver Payments has a projected shortfall of \$2.4 million General Revenue. A letter was sent to the LBB and Governor's Office on December 18, 2012 requesting approval to transfer surplus General Revenue in foster care to cover this shortfall. The LBB has approved this request and approval by the Governor's Office is still pending.

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

There are no significant changes to projected expenditures except in the prevention strategies (Goal C) which reflect updated projections based on current expenditure trends.

OTHER KEY BUDGET ISSUES

There are no other key budget issues.

CAPITAL BUDGET ISSUES

No significant variances are projected at this time.

Please contact Beth Cody, Budget Director, at 438-3351 if you have any questions or require additional information.

Sincerely,

A handwritten signature in black ink that reads "Cindy Brown". The signature is written in a cursive, flowing style.

Cindy Brown
Chief Financial Officer

cc: Garnet Coleman, State Representative
Dianna Velasquez, Governor's Office
Jamie Dudensing, Lieutenant Governor's Office
Julia Rathgeber, Lieutenant Governor's Office
Jennifer Deegan, Speaker's Office
Sarah Hicks, Senate Finance Committee
Keith Yawn, House Appropriations Committee
Heather Fleming, House Appropriations Committee
Melitta Berger, Legislative Budget Board
Shaniqua Johnson, Legislative Budget Board